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PRIME MINISTER

① Content to be published on 16 July  
subject to some minor polishing, as  
suggested by Policy Unit?

AT  
5/7

Yes - but  
don't think  
we can leave  
MAFi: out -  
altogether

"LIFTING THE BURDEN"

I now enclose a revised version of the White Paper as agreed at our meeting on Monday. I am grateful to all those - ministerial colleagues and officials - who have been involved in the extensive redrafting and polishing of the text which has taken place over the last few days so as to include the suggestions made.

There is one particular point to which I should draw attention. We agreed that the rent deregulation chapter should be dropped and that a reference should be made elsewhere to our intention to introduce legislation. I have inserted a very short passage into the planning chapter (paragraph 3.17) rather than put in the whole text previously circulated. Enterprise Unit officials have consulted those in the DOE on this but Patrick has not yet been given the chance to take a view. I am sure we need a reference to rent deregulation but I think it needs to be short. I would very much welcome your views, and those of Patrick, on this point.

I would like to publish on Tuesday 16 July, preceded by a statement in the House of Lords which would be repeated in the Commons by Barney Hayhoe. These arrangements have, of course, been cleared in accordance with normal procedure, and I hope that they meet with your approval.

I should be grateful for clearance of the enclosed text by Wednesday evening (10 July) at the latest to meet printing deadlines.

..../Cont.

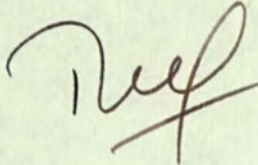
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- 2 -

I am copying this minute to members of E(A), members of MISC 114; Willie Whitelaw, Geoffrey Howe, Leon Brittan, Norman Fowler, John Wakeham, Barney Hayhoe, Sir Robin Ibbs, and Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to be 'Duff', written in a cursive style.

DY

5 July 1985

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LIFTING THE BURDEN

Presented to Parliament by the Minister  
without Portfolio, Supported by .....

July 1985

LONDON  
HER MAJESTY'S STATIONERY OFFICE

Cmd .....



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LIFTING THE BURDEN

- Chapter 1            Lifting the Burden
- Chapter 2            Summary of Proposals
- Chapter 3            Planning and Enterprise
- Chapter 4            Tax and Social Security
- Chapter 5            The Wider Role of Government: regulation in  
the fields of - employment protection and health  
and safety; trade and industry; transport; agriculture,  
fisheries and food; and Home Office matters
- Chapter 6            European Deregulation
- Chapter 7            Communications with business
- Chapter 8            New Arrangements
- Annex 1             Lifting the Burden: Measures already taken
- Annex 2             "Planning and Enterprise" Circular



# CONFIDENTIAL

## CHAPTER 1

### LIFTING THE BURDEN

1.1 There are two key elements in the Government's economic policy: to keep down inflation and offer real incentives for enterprise, in order to generate jobs. Low inflation is the very bedrock of an expanding economy but is not sufficient in itself. It is the growth of enterprise, the efforts of millions of our people engaged in the creation and development of businesses large and small that is the real driving force of the economy. This paper is about one important aspect of helping enterprise to grow - by reducing burdens imposed on business by administrative and legislative regulation.

1.2 It sets out the case for more freedom in the business sector and the need to deregulate. It reinforces the Government's commitment to reducing unnecessary constraints on the creation of jobs and wealth. It reviews what the Government has done already. It outlines the way in which a new permanent mechanism will operate - to ensure that all proposed new legislation and regulation will be examined for its impact on business and systematically to review existing rules and remove or simplify them where they impose unnecessary burdens.

1.3 But this must be done with care. The line between liberty and licence is fine and can easily be crossed. We have to bring about the conditions to promote growth but not abuse. It is on this basis that this paper is presented.

1.4 The Government want to see an economy in which firms, large and small, have the ability to expand - and thereby win extra business and create more jobs. That is now happening. Published estimates indicate that the employed labour force has increased by more than 600,000 since the Spring of 1983. New business formation and self-employment are greatly increasing. Between 1980 and 1984 the VAT register shows that 140,000 more new businesses set up than closed down. This decade has seen an increase of over half a million in the number of self-employed people to over 2½ million - the highest figure in the last 60



years. Indeed last year our economy created more jobs than the rest of Europe put together. But this is still not good enough. The Government must do all it can to accelerate the process for without healthy business, and the jobs and wealth they create, the country will simply not be able to afford the things we all desire: pensions, health services, education and all the other calls on government expenditure.

1.5 The amount of regulation which new and established firms face acts as a brake on enterprise and the wealth and job creating process. Deregulation means two things. First, freeing markets and increasing the opportunities for competition. Second, lifting administrative and legislative burdens which take time, energy and resources from fundamental business activity.

#### **FREING MARKETS**

1.6 On the first, the Government have made good progress and there are more proposals in the pipeline. We have opened up long distance coach services, domestic and international air services and sale of spectacles to competition. The Government have abolished controls on foreign exchange, dividends, hire purchase and bank lending. In every case that has brought benefits in terms of more choice, better services, lower prices, greater international competitiveness, freedom from bureaucratic control and the clear potential to increase employment.

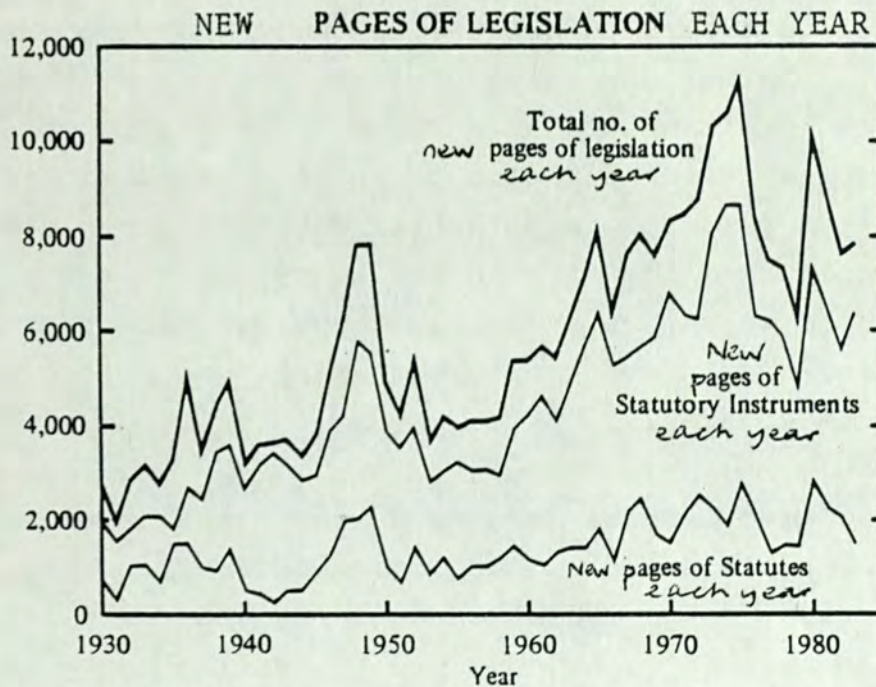
#### **LIFTING THE BURDEN**

1.7 On the second aspect of deregulation, the Government believe that despite considerable efforts to get the balance right the scales are still tipped too far against business. For the best of motives, regulations have grown over the years to a stage where many of them are too heavy a drain on our national resources. To the extent that regulations go further than necessary, they will lower profits for firms or raise prices, or both. Output and employment will tend to be lower. Regulations can also stifle competition and deter new firms from entering the market or



prevent others from expanding. Too many people in central and local government spend too much of their time regulating the activities of others. Some regulations were framed a century and more ago, have been added to or amended, and now bear little relevance to the modern business world. Other regulations are too complex and confusing even to professional advisers (and sometimes to the people who administer them, too). Many regulations are necessary and it is, of course, Government's responsibility to ensure that flexibility and freedom are not abused by those who would flout the proper interests of customers, consumers and employees. We must maintain our quality of life. But we have to strike the right balance.

1.8 This is not just a British problem. The tide of legislation has risen inexorably over the years in all countries of the western world. The United Kingdom has not been immune. The chart shows - as a rough guide - how the volume of new UK legislation being passed has grown since the 1930s.



Of course, not all of this legislation directly impinges on business. Some of the more recent legislation has been necessary in order to restore greater freedom and flexibility to citizens



and the economy - for example, enabling sales of council houses to take place, and through returning nationalised industries to the private sector. But overall there is no doubt that we suffer from the sheer weight of legislation and controls. That is why, like administrations in the U.S.A., The Netherlands and West Germany, the Government wants to stem this flow. The cumulative weight of legislation must clearly be examined rigorously to ensure that its benefits outweigh its costs. We want less - and better - regulation.

1.9 Moreover, the evidence shows that although individual regulations may themselves be minor, the cumulative effect is time-consuming and costly. In a competitive environment, businesses already have enough to do. They have to respond quickly to changing consumer needs, to plan and monitor their financial, marketing, personnel and investment activities skilfully and flexibly. The impact of regulation takes its toll in diverting precious time and energy that would be far better used in generating products, services, sales - and, in the end, jobs.

1.10 The burden is that much greater on small business where the owner/manager is wholly responsible for all aspects of the business and the people he or she employs. Every hour spent on form filling is one less hour spent on running the business. Moreover, this can put off the potential entrepreneur or drive him or her unwillingly into the 'informal economy'. It is the small and new businesses which are precisely those we need to encourage - to set up, expand and take on employees and become part of the mainstream of the economy.

1.11 Regulation also imposes burdens on the state itself through the need for the explanation and enforcement of often complex rules to businesses. A good deal of the time and energy of officials in central and local government is taken up by enforcing and applying regulation; simplification will save time, money and staff effort for government itself as well as making life more straightforward.



**THE JOB TO BE DONE**

1.12 The present White Paper is not the first step on the road. Deregulation has been a continuing priority of the Government since 1979 and much has already been achieved. Annex 1 lists some of the measures taken. For example, over a million fewer statistical forms are sent to businesses today compared with 1979. A central mechanism has been established to ensure that all business surveys are reviewed in detail on a regular basis and only allowed to continue if personally approved by the responsible Minister. Planning procedures have been speeded up and local authorities have been encouraged to grant permission to business development unless there are pressing reasons to the contrary. The burdens of the Employment Protection Act on business have been considerably reduced and, by taking advantage of flexibility in the European Community directives on company law, disclosure requirements on annual returns have been reduced for small firms.

1.13 The Government are now making a concerted drive to speed up this process of reviewing existing regulation and ensuring that new regulation is examined carefully for its impact on firms both large and small. We have considered carefully the work done in other countries, in particular in the U.S.A. In the first two years of President Reagan's administration, the concerted deregulation strategy which he introduced has reduced the pages of regulation in the Federal Register by one third as compared with the final two years of the previous administration. The United States Government estimate that this has produced once-off savings of \$9-11 billion and annual savings of \$6 billion in costs to government and business. They also report that the number of new businesses in deregulated industries increased faster than in the overall economy in 1982 and 1983. Definitions in the U.S. and U.K. are, of course, different but the clear indication is that deregulation stimulates economic activity. It will never be possible to prove a direct causal relationship between deregulation and job creation. But the evidence suggests that there is a link. And commonsense dictates that if unnecessary restraints are removed, then people are more likely to set up businesses or expand them.



1.14 The package of measures presented in this paper is the result of an intensive exercise within Government Departments, carried out in close consultation with business. Work in the Department of Trade & Industry had previously revealed much dissatisfaction among small businesses with the costs and complexity of regulation. This led to an inter-departmental scrutiny of administrative and legislative burdens on small businesses announced by the Prime Minister on 1st August, 1984. The report of the scrutiny 'Burdens on Business' (ISBN 0 11 513820X) was published in March 1985.

1.15 'Burdens on Business' identified options for change and was published to stimulate debate and comment. Among the key findings the report concluded that:

"Compliance with Government requirements imposes real additional costs on business, particularly on small firms and 'new starters'. They can be a barrier to market entry"

and

"Though most firms are managing to cope with the burdens, action to reduce it offers benefits for jobs and for the 'white economy'."

1.16 In a survey conducted among 200 businesses by Research Associates, as part of the 'Burdens on Business' report, 52 firms reported they had lost or not taken on an average of 6.5 employees each year over the last five years due to the inhibiting or costly effect of regulations. Some jobs were gained by some 15 firms in order to deal with regulation but the net job loss judged to have taken place in this sample of 200 firms was over two hundred. And there are 1.6 million businesses in the country.



1.17 Complementing the 'Burdens on Business' exercise, the Department of Trade & Industry conducted a survey among large firms to identify the extent to which regulation impacts on their business activities. This showed that action to reduce the burden of regulation was as relevant to larger businesses as to small.

1.18 Following publication of the 'Burdens on Business' report, the Minister without Portfolio has coordinated action with the Ministers concerned to carry forward this initiative and follow up the Department of Trade & Industry survey of large firms. The opportunity was given for outside organisations and individuals to offer their views. Many submissions have been received from individual businesses and representative organisations. They include numerous individual recommendations. But overall their message is clear. Regulation remains a major obstacle to the growth of employment and enterprise in this country. That is a message which we cannot ignore.

1.19 This White Paper is largely concerned with deregulation within the United Kingdom but there is, of course, a European dimension which is likely to become increasingly significant. The European Community (EC) imposes regulation on business and the Government are working with other Community countries towards similar reviews of existing and future burdens. Chapter 6 deals with this aspect.

1.20 In Europe there is clear recognition of a common problem and a shared resolution to take action. Within the United Kingdom there is a similarly widespread acceptance of the need to review regulations. As a result of the Government's initial review of the scope for deregulation, following up the 'Burdens on Business' Report, they have identified a number of areas where reforms should be made, covering the responsibilities of a range of Departments. Chapters 4 to 8 set out what is proposed - a series of practical, carefully thought out reforms. Some of these are major; others are not. But it is the cumulative burden of regulation - both major and minor - that saps the energy of business. It is that burden which the Government is determined to reduce - but with care and concern for all in our society.



CHAPTER TWO

SUMMARY OF PROPOSALS

What the Government are doing -

1 ENVIRONMENT

- Giving strong guidance to local authorities on "Planning and Enterprise": paragraph 00.
- Introducing Simplified Planning Zones: paragraph 00.
- Extending the General Development Order to permit more exemptions from planning permission: paragraph 00.
- Fundamentally reviewing the Use Classes Order: paragraph 00.
- Reviewing the Control of Advertisements Regulations: paragraph 00.
- Introducing various amendments to the Town and Country Planning Act, including the power to award costs against authorities or others who act unreasonably: paragraph 00.
- Improving the system of major public inquiries: paragraph 00.
- Issuing next month a new booklet for small firms explaining the planning system and giving clearer guidance on working from home: paragraph 00.
- Carrying out an efficiency review of measures to speed up written planning appeals: paragraph 00.
- Reviewing local authority practice and court decisions, with the aim of preparing guidance to local authorities and making legislative changes if appropriate: paragraph 00.
- Introducing simplified regulations, to come into force in November: paragraph 00.
- Starting a further review, to cut scope of regulations where possible: paragraph 00.



**2** CUSTOMS AND EXCISE

- Negotiating with the Community to obtain increased flexibility to raise the threshold above which businesses must be registered for VAT: paragraph 00.
- Extending the option for traders to make monthly payments of VAT: paragraph 00.
- Improving the operation of VAT schemes which reduce form filling by retail businesses (known as retail schemes): paragraph 00.
- Consulting fully with businesses over simplifying records to be kept distinguishing business and personal use of motoring expenses: paragraph 00.
- Improving the relief given for VAT payments on bad debts in line with the Insolvency Bill: paragraph 00.
- Considering a system of approval for computer software packages designed to handle VAT accounts: paragraph 00.
- Reviewing procedures to speed up paperwork on VAT on imports: paragraph 00.
- Allowing approved sales invoices to be used for retail export relief instead of customs forms (subject to Community agreement): paragraph 00.

**3** PAY AS YOU EARN (PAYE) AND NATIONAL INSURANCE CONTRIBUTIONS (NIC)Employment and Self-Employment

- Clarifying the criteria for deciding whether a person is employed or self-employed by issuing a new leaflet: paragraph 00.
- Developing closer liaison between Inland Revenue and DHSS to agree common decisions on a person's employment status: paragraph 00.
- Giving greater encouragement to the use of the arrangements by which the self-employed with low incomes are exempted from National Insurance contributions: paragraph 00.



Employers

- Consulting on the possibility of reducing the work involved in the employer's weekly or monthly Pay as You Earn calculations (through the use of "non-cumulation") and of the closer alignment of income tax and National Insurance in the Green Paper on the reform of personal taxation to be issued later this year: paragraph 00.
- Coordinating the efforts of DHSS inspectors and Inland Revenue auditors to eliminate unnecessary duplicate visits to employers: paragraph 00.
- Changing DHSS practices to cut down the enquiries to employers about National Insurance contributions: paragraph 00.
- Publishing an improved "starter pack" for employers on income tax and National Insurance: paragraph 00.

4 HEALTH AND SOCIAL SECURITYStatutory Sick Pay

- Consulting shortly on the possibility of allowing employers to opt out of the SSP scheme: paragraph 00.
- Introducing a variety of minor simplifications to legislation and procedures (subject to consultation): paragraph 00.

Industrial Injuries

- Considering using the New Earnings Survey to determine earnings levels and Special Hardship Allowance: paragraph 00.
- Simplifying and redesigning forms: paragraph 00.

Other

- Reviewing all DHSS functions affecting business, both inside and outside the scope of the Social Security reviews: paragraph 00.



5 EMPLOYMENT

Information and Advice

- Improving information and advice on employment protection and health and safety: paragraph 00.
- Using Jobcentres more widely: paragraph 00.

Employment and Protection

- Extending the qualifying period for unfair dismissal to 2 years for all businesses: paragraph 00.

Health and Safety

- Examining, in consultation with the Health and Safety Commission, the need to reactivate arrangements for systematic review of existing regulations: paragraph 00.
- Raising the threshold for the requirement to prepare written safety policies to firms of 20 employees and above: paragraph 00.
- Explaining clearly to employers that they have a right to question inspectors' decisions: paragraph 00.
- Giving specific training to Inspectors to increase awareness of small firms' interests: paragraph 00.
- Issuing national guidelines on safety inspection priorities and standards: paragraph 00.
- Assessing the impact of proposals on small businesses: paragraph 00.
- Designating one of the HSC Commissioners to represent small firms' interests: paragraph 00.
- Considering what guidance can be given on the complicated law governing "onus of proof": paragraph 00.

Other Areas

- Abolishing restrictions on women's working hours: paragraph 00.
- Considering the future of Wages Councils: paragraph 00.



6 TRADE AND INDUSTRYCompany Law

- Introducing a simplified procedure for determining new companies' accounting reference dates: paragraph 00.
- Setting up a procedure for reminding companies of their filing obligations 6 weeks beforehand: paragraph 00.
- Introducing a single requirement to replace the present variety of requirements governing the filing of returns and accounts: paragraph 00.
- Consulting on the accounting and audit requirements for small companies: paragraph 00.

Consumer Law

- Repealing the Price Marking (Bargain Offers) Order and then replacing it by a new general prohibition on false or misleading price information supported by a statutory code of practice: paragraph 00.
- Introducing a new general duty on product safety judging goods by sound modern standards of safety - then reducing and simplifying individual regulations: paragraph 00.
- Consulting on the scope for more self-certification and other simplifications in the regulation of weights and measures: paragraph 00.
- Monitoring the Consumer Credit Act 1974 taking steps to alleviate specific business difficulties: paragraph 00.

7 TRANSPORT

- Abolishing Road Service Licensing for local buses (except for the time being in London): paragraph 00.
- Ensuring more opportunities in local public transport for the use of minibuses, taxis and other low-cost methods: paragraph 00.
- Supporting the Civil Aviation Authority proposals for effective deregulation of domestic air services: paragraph 00.



- Negotiating with the EC for the removal of controls on the number of lorries allowed to travel between Community countries and increases in other quotas: paragraph 00.
- Seeking progress in the Community towards a more liberal EC aviation market: paragraph 00.
- Negotiating in the EC on the elimination of barriers to the freedom to provide shipping services in the EC: paragraph 00.
- Reviewing recent changes in Heavy Goods Vehicle operator licensing: paragraph 00.
- Negotiating in the EC for substantial changes to regulations on drivers' hours for Heavy Goods Vehicles and Public Service Vehicles: paragraph 00.
- Considering changes to the powers of local highway authorities to object to or require conditions on planning applications: paragraph 00.
- Considering the scope for reducing the burden of regulation on the merchant shipping industry: paragraph 00.
- Proposing reform of the legislation governing marine pilotage: paragraph 00.

9 AGRICULTURE, FISHERIES AND FOOD

- Consulting on proposals to liberalise the arrangements for the importation of veterinary medicine: paragraph 00.
- Discussing with the soft drinks industry about introducing a major simplification of existing complex regulations: paragraph 00.

10 HOME OFFICE

- Introducing the legislation to abolish restrictions on shop hours: paragraph 00.
- Considering the possibility of relaxing opening hours of licensed premises: paragraph 00.

Fire Precautions

- Considering a new system of control to replace the certification requirements of the Fire Precautions Act 1971: greater responsibility would be placed



on owners/occupiers to meet safety standards:  
paragraph 00.

- Giving clearer advice to fire authorities to ensure more consistent advice and better links with Environmental Health Officers: the importance of compliance costs will be stressed: paragraph 00.

Data Protection Act

- Arranging for the Registrar to report to the Home Office on the impact of the Act on businesses once there is sufficient experience of the way it works: paragraph 00.

NEW ARRANGEMENTS

- Introducing a system of compliance cost assessment for all regulatory proposals in each Department of State and reporting the results to Ministers: paragraph 00.
- Setting up a central task force in the Cabinet Office to 'audit' Departmental systems for reducing regulation; scrutinise specific proposals; and deal with other deregulation issues: paragraph 00.
- Improving the quality of Departments' published guidance to businesses: paragraph 00.
- Simplifying access to Departments' information and advice: paragraph 00.
- Considering with local authorities how 'One Stop Shop' arrangements will be provided to liaise with businesses: paragraph 00.
- Issuing guidance and objectives to regulatory and enforcement officers in Government to ensure they take account of business compliance costs and are sensitive to business needs: paragraph 00.
- Revising training programmes for enforcement staff to help them to advise businesses more effectively: paragraph 00.
- Reviewing legislation which requires businesses to obtain licences to carry out a variety of functions: paragraph 00.



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## PLANNING AND ENTERPRISE

## PLANNING

- 3.1. The town and country planning system has not changed in its essentials since it was established in 1947. In many ways it has served the country well and the Government has no intention of abolishing it. But it also imposes costs on the economy and constraints on enterprise that are not always justified by any real public benefit in the individual case. It can cause delay and uncertainty even where applications are eventually approved. Too often the very wide discretionary power that the system affords is used to apply excessively detailed and onerous controls of a kind that would not be tolerated in general legislation. If the system is to remain effective it must be used in a way that does not impose an unnecessary degree of regulation on firms and on individuals.
- 3.2. The Government's policy is to simplify the system and improve its efficiency. A good deal has been done but there is ample scope for further progress. An efficient and simple system can speed the planning process and facilitate much needed development which helps create jobs - in construction, in commerce and industry, and in small firms.
- 3.3. The Government is equally concerned to protect and enhance the environment in town and country, to preserve our heritage of historic buildings and rural landscape, to conserve good agricultural land and maintain the green belts. This too requires a planning system that works efficiently and effectively, and strikes the right balance between the needs of development and the interests of conservation. It is not to be regarded simply as a means of preventing change. Properly used, it can help to secure economy, efficiency and amenity in the development and use of land.



3.4. It is an established principle of planning law that the developer is entitled to his permission unless there are sound relevant and clear-cut reasons for refusal: that is to say, permission is not to be refused for arbitrary or irrelevant reasons. Nor is the developer required to prove the case for the development he proposes to carry out; if the planning authority consider it necessary to refuse permission, the onus is on them to demonstrate clearly why the development cannot be permitted and the reasons must be precise, specific and relevant to the application.

3.5. There is therefore always a presumption in favour of development, unless that development would cause demonstrable harm to interests of acknowledged importance. These principles were clearly stated in a circular issued by the then Ministry of Town and Country Planning in 1949 and restated in a further circular in 1953, and amplified in Department of the Environment Circular 22/80,\* "Development Control: Policy and Practice". The Secretaries of State for Environment and Wales are issuing a new circular reaffirming these principles. It is reproduced in the Annex to this White Paper.

3.6. In line with this approach to the control of development, and in support of the general aim of deregulation, a number of other measures are being taken to simplify the planning system and reduce the burden of control:

- (i) It is proposed to introduce new legislation to permit the setting up of Simplified Planning Zones (SPZ) which will extend to other areas the type of planning regime already established in Enterprise Zones. This will enable the local planning authority to specify types of development allowed in an area, so that developers can then carry out development that conforms to the scheme without the need for a planning application and the related fee. Planning permission for other types of development can be applied for in the normal way. This type of planning scheme has proved to be effective and successful in Enterprise Zones and can provide a real stimulus to the redevelopment of derelict



or unused land and buildings in areas that are badly in need of regeneration. In addition to providing local planning authorities with powers to introduce SPZ's, they will also be required to consider proposals for the establishment of SPZ's initiated by private developers. The Secretary of State would have reserve powers to direct the preparation of proposals for an SPZ, similar to those that he already has to direct the preparation of alterations to development plans.

- (ii) It is proposed to introduce a number of changes to the General Development Order which enables specified types of development to take place without the need to apply for planning permission. It is a useful method of deregulation within the planning system. Important changes of this kind were made in 1980 and 1981, and the Government is introducing this month a set of amendments to the GDO designed to facilitate modern developments in telecommunications. The Government proposes to introduce at the start of the next session a number of amendments to reduce regulation including:
- increasing the permitted limit on extensions of industrial buildings from 20% of cubic content (subject to an upper limit on the permitted increase in aggregate floorspace of 750 sq. m.) to 25% of cubic content (upper limit 1000sq. m.);
  - a new provision for the extension of warehousing to a level similar to that proposed for industrial buildings;
  - permission for DBS (direct broadcasting by satellite) aerials of up to 90 cm. diameter on houses;
  - permitted development rights for some exploratory operations for mineral workings.



19

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- (iii) A review of the Use Classes Order (UCO) has been set in train and the results will be published for consultation later this year. The UCO enables land and buildings to be used for various purposes without the need for planning permission, and is thus a means of deregulation like the GDO. Unlike the GDO, however, the UCO has not been substantially changed since it was first introduced in 1948, and is clearly overdue for review in the light of today's conditions. In particular, it needs to take account of the requirements of the typical "high tech" firms where manufacturing, offices, research and development, warehousing and other activities may be carried on in a single building and where the mix of uses and space utilisation may need to be constantly changed and adapted to the needs of the business. Since the UCO is intended to permit and not restrict compatible uses, it is essential that it should be designed to do this effectively.
- (iv) The Control of Advertisements Regulations are also being reviewed in conjunction with representatives of the advertising industry and other interests. One aspect that warrants review is the signposting in rural areas of tourist facilities, hotel accommodation, craft workshops and similar establishments. While a proliferation of commercial advertisements in the countryside would obviously be deplored, it should not be necessary to subject simple directional signs to the same degree of control, provided that they do not create a traffic hazard.
- (v) Proposals have been published for a range of detailed but useful amendments to the Town and Country Planning Act 1971 designed to simplify some of its provisions and improve its procedures. It is hoped to introduce these in the next Session if the legislative programme permits. They include a proposal to extend to cases dealt with by written representations the Secretary of State's power to award costs where it has been shown that the authority or others have acted unreasonably.



- (vi) Proposals have also been published for improving the conduct of major public inquiries, including provision for the pre-inquiry stages so as to simplify the proceedings and ensure that the time of the inquiry is used efficiently. These and other proposals designed to improve the efficiency of the inquiry process will be incorporated as necessary in the Inquiries Procedure Rules after consultation with the Council on Tribunals. The great majority of planning inquiries are completed within one or two days, and last year only 41 out of nearly 3000 inquiries lasted more than two weeks and only 20 lasted more than a month. The few major planning inquiries, however, and some other types of inquiry, can become extremely protracted and to the point where very few of those who wish to appear at the inquiry are able to follow the whole of its proceedings. These measures will help Inspectors at major inquiries to order the proceedings in a way that enables the main issues to be dealt with, and ensures that all those who have a contribution to make are able to do so, while avoiding undue complexity and delay in reaching decisions.
- (vii) It is proposed to issue a booklet to assist small firms to cope with the requirements of development control. This will supplement the booklets already published for householders and for industrial developers, and will be accompanied by a circular to local authorities. In particular the booklet and circular will clarify the position relating to working from home. Planning permission is not normally required where the use of part of a house for business purposes is clearly ancillary to its main use as a residence. It is reasonable that, where the business use becomes dominant or intrusive, planning permission should be required (and may be refused), but many small businesses begin as one-man firms working from home and can be carried on without any serious detriment to neighbouring property.



- 3.7. It is sometimes suggested that even when activity is permitted under planning law the terms and conditions of the sale or of the tenancy, whether in the public or private sector, may nonetheless prevent it. In the case of the public sector some local housing authorities apply restrictions on working from home by means of provisions in tenancy agreements or by including restrictive covenants in sale documents. In the latter case, the right to buy provisions of the Housing Act 1980 require that any covenants imposed should be reasonable in the circumstances. In the Housing and Building Control Act 1984 provision is made for the Secretary of State to direct local authorities not to include certain covenants in their sale documents and to discharge or modify covenants in completed sales.
- 3.8. Some restrictions on tenants may be reasonable to preserve the character of the landlord's estate. But there may well be cases where such terms and conditions are unreasonable and are inhibiting tenants from using their homes to earn their living. There are at present no powers for the Secretary of State to control conditions in local authority tenancy agreements. The Secretary of State takes the view that landlords should not seek to impose restrictions on tenants working from home in cases where planning permission is either not required or has been granted, and this aspect will be dealt with in the circular to local authorities. More generally the Government is ready to examine any evidence of unreasonable terms and conditions in sale documents and tenancy agreements and would be prepared to consider amending the law if evidence of restrictions being used unreasonably is established.
- 3.9. Changes which the Government has made in Capital Gains Tax provisions mean that a person now starting a business at home should not normally need to face CGT as a result.



3.10 All these proposals are aimed at improving the operation of the planning system. While many of them will contribute to deregulation, the Government is also concerned to ensure that the system is effective where careful control is warranted. To this end, proposals have been published for securing improved control over the storage of hazardous substances and it is hoped to introduce the necessary legislation in the next Session. Similarly, proposals have been published for extending the Landscape Areas Special Development Order to all National Parks. Proposals are being prepared, following consultation, to ensure better control over intensive livestock units.

3.11 Where serious environmental problems may be expected, it may still be possible for permission to be given but subject to suitable conditions to protect the environment. Where it is less certain that there will be problems the development should normally be allowed to proceed without onerous conditions. If subsequently there are shown to be serious environmental problems, the local authority could take action against nuisance under the public health and control of pollution legislation. If there was a clear breach of planning law (for example, if the development did not conform with the permission granted) which could not be corrected by negotiation with the business concerned, enforcement action could be taken. The Department of the Environment is to complete this year a review of the use and effects of the powers to control statutory nuisance, with the aim of preparing guidance and making legislative changes if appropriate.

3.12 In addition to pursuing the aim of deregulation and relieving the burden of unnecessary controls on business and small firms, the Government continues to attach the greatest importance to ensuring that, where effective control is warranted, the system operates as efficiently and promptly as possible. This applies to both planning applications and planning appeals.



3.13 The appeal process is a key component of the planning system and it is essential that those who are refused planning permission by the local planning authority should be able to take their case to appeal in the expectation that their case will be dealt with promptly. Although decision times on appeals have improved markedly compared to the position some years ago, there has been some deterioration over the past year or so as the volume of appeals has increased.

The great majority of appeals (86% in 1984) are dealt with by the written representations procedure, which generally provides a simpler, quicker and less expensive process for the appellant. The Department of the Environment has set in train an Efficiency Scrutiny of this procedure with a view to establishing time targets against which performance can be monitored and to which possible procedural changes or increased resources can be related. Regular performance statistics will be published. There are no statutory powers at present to enforce time limits in the case of planning appeals dealt with by written representations and it is proposed to make such provision as part of the legislation referred to in para 6(v) above.

3.14. Local planning authorities' performance has improved over the past few years and 70% of applications in England are now decided within eight weeks compared to 60% in 1979. But some authorities consistently achieve 80% or more, while other authorities only 50% or less. Much can be done to propagate good practice and by simple procedural changes and effective use of information technology. The Department of the Environment is consulting the National Development Control Forum, representing local planning authorities, on the proposal to produce a Code of Practice which would establish a set of guidelines and time targets for the handling of planning applications.



### 3.15 Development

Plans can assist developers and the business community by providing them with some indicators to guide them in taking their decisions. Development plans include both structure plans and local plans; structure plans are intended to provide the broad policy framework and are prepared by the county planning authorities, while local plans are prepared by district councils for the whole or parts of their area. Inevitably plans become out-of-date and tend to lag behind current needs and conditions. In particular, the twin priorities of generating jobs and providing sufficient land for housing have not been reflected fully or quickly enough in structure plans and the planning decisions of local authorities. The new circular issued by the Secretaries of State for the Environment and Wales (reproduced at Annex 2) accordingly makes it clear that development plans are one, but only one, of the material considerations that must be taken into account in dealing with planning applications.

It is also important that development plans should concentrate on the essential elements and the key planning issues, be well related to current trends in the economy and the factors that influence market demand, and be capable of rapid revision to meet changing circumstances. There is cause for concern that this process of plan review and up-dating is becoming too slow and cumbersome, partly because of the lengthy procedures involved and partly because of the increasing tendency to include in structure plans far too great a degree of detail and of a kind which is either not suitable for inclusion in structure plans or could be more appropriately dealt with in local plans or in published guidance for developers (eg. requirements for car parking etc).

The Government is giving further consideration to whether there should be changes in the content and procedures of development plans and in the relationship between development plans and development control.



3.16 Finally, while deregulatory measures and procedural improvements are important, the key objective must be to keep the planning process simple - to avoid over-elaboration and unnecessary detail in development plans, and to concentrate on the essentials in dealing with applications, without complex and superfluous conditions. Deregulation does not imply only the abolition of unnecessary controls. It also means achieving simplicity and efficiency in the way that necessary control is carried out. Simplification, speed and efficiency do not mean dismantling the planning system but they are as relevant to planning as to all other forms of regulation and control. All those responsible for the operation of the system can help to achieve the improvements that are needed.

#### RENT DEREGULATION

3.17 In parallel with improvements in the planning system, the Government believe that a measure of deregulation for new lettings in the private rented housing sector would also promote enterprise in a number of ways. The Secretary of State for the Environment announced on 12 June that the Government hope to introduce legislation to encourage the supply of more homes for renting in the private sector, but probably not during the lifetime of this Parliament.

#### BUILDING REGULATIONS

3.18 Since the publication in 1981 of the White Paper on the Future of Building Control in England and Wales, the Government have been engaged in a major overhaul of building control with the aim of simplifying the procedures, providing the option of private certification and removing unnecessary regulations.



3.19 The first stage of this exercise will be completed in November when new building regulations will come into force. These will be much simpler in form than the current regulations, will give wider exemptions and simplified procedures for minor works and provide for private certification by approved inspectors. The bulk of the building regulations will be reduced from over 300 pages at present to some 30 pages.

3.20 After the new and much simplified regulations have come into force, the Government will start the next stage of the review. This will involve examining the requirements of the regulations, to see how far they can be reduced or dropped altogether. A consultative document will be issued by the Department of the Environment with proposals for further changes. The Government's aim is that the regulations should be reduced to the minimum required to secure their essential function, which is the preservation of public health and safety.

3.21 In areas such as structural safety and fire precautions, there will be a need for substantial continued regulation. But the Government will examine carefully the possibilities of reducing the level of regulation in these areas, where this would not mean to increased risk to personal safety. Building regulations also have a role in setting basic standards of cost-effective energy efficiency. These will be examined to ensure that the standards set are the minimum it is appropriate to lay down in regulations.

3.22 The building regulations currently cover other areas, such as sound insulation; hygiene (provision of bathrooms, food storage, etc); safety of stairways, ramps, etc; and ventilation and damp prevention. The Government believe that in some of these areas there may be scope for reducing substantially the extent of regulation or removing some of the regulations altogether. Where the operation of the market can be relied upon to ensure that acceptable standards are maintained, there is no case for regulation. The Government will aim to take decisions on reducing or abolishing regulations in these areas within twelve months.



3.23 Following a recent major review of the separate and distinctive building control systems in Scotland, work is also well in hand there on a complete recasting of the Building Standards (Scotland) Regulations, to produce simplified and fewer regulations. As he announced to Parliament in November 1984 in his Statement of Intent on the future of building control, the Secretary of State for Scotland will also seek early powers to permit a significant measure of designer self-certification of compliance with the regulations; to introduce the type approval of repetitive designs; and to exempt altogether from the scope of the regulations a wider range of agricultural and industrial buildings and minor house extensions.



CHAPTER 4

TAX AND SOCIAL SECURITY

4.1 Some of the burdens faced by the business community apply to all sectors including the self-employed because they stem from the Government's need to obtain revenue. This chapter deals with the work of those Departments - the Customs and Excise, the Inland Revenue and the Department of the Health and Social Security - whose activities regularly impinge on business.

CUSTOMS AND EXCISE

4.2 VAT was the burden most frequently mentioned by small firms in the Burdens on Business report. At present, firms with an annual turnover above £19,500 must register and charge VAT on their sales. This threshold below which firms are exempted from having to charge VAT is the maximum permitted under EC law. The Government believe that Member States should have more flexibility to raise their VAT threshold if they wish. This goal is being pursued through the initiative launched by the Prime Minister at the European Council meeting in March this year.

4.3 There are a number of other changes which can help. Some businesses would welcome the option of making more frequent VAT payments to help with cash management. A limited facility for making monthly payments together with monthly VAT returns already exists. Customs and Excise will mount a pilot scheme to establish within the next six months whether extension of the system will prove helpful.

4.4 Retail businesses selling direct to the public have the choice of using a special VAT accounting retail scheme. This reduces the number of records they must keep for VAT only. However new businesses may, after experience, wish to



change their choice of retail scheme. This will be allowed from October this year and the VAT recalculated. Where this is less than the VAT already paid, the difference will be refunded in full. Greater scope will also be given from the beginning of next year to small traders who wish to change retail schemes as their business develops again with the benefit of repayments of tax retrospectively up to a maximum of 3 years.

4.5 There has been concern over the amount of information firms must keep to distinguish between business and personal use for VAT purposes - particularly motoring costs. Revised guidance on motoring costs will be issued after full consultation with business interests. This consultation will take place in the autumn.

4.6 Some businesses have complained that VAT is paid on some goods for which the supplier never receives payment. It is argued that provision for the refund of VAT to the supplier in such cases of bad debt is too limited. The current Finance Bill goes some way to meeting such arguments. In future, it will be easier to claim VAT refunds because the new arrangements will also take into account some of the new provisions of the Insolvency Bill. This extension of relief for bad debts is estimated to be worth £25 million to businesses in a full year. Provision for relief in cases of bad debts will be reviewed again within two years of the insolvency legislation coming into operation.

4.7 The Burdens on Business report suggested that Customs and Excise should promote the use by small businesses of accounting systems including automated systems, which will help reduce the compliance costs of VAT. Customs and



Excise staff will continue to encourage this on their visits to business premises. However, the need to limit staff numbers and to concentrate their activities on approving systems actually being used by traders precludes Customs and Excise from giving any more general approval for VAT purposes of computer systems being offered on the market. The Government are exploring the possibility of an independent testing of computer systems standards which may help small businesses in their choice.

4.8 The current Finance Bill provides for the implementation of most of the VAT recommendations of the independent Keith Committee. The approach suggested by Keith is not inconsistent with deregulation, proposing a balanced package of measures including removing criminal sanctions against all but the most serious VAT offences and their replacement by a new system of civil penalties. The most important of these measures is a surcharge on overdue VAT. This should be introduced in 1986 to provide a significant deterrent to the persistent late payment of VAT. Such late payment by some businesses discriminates unfairly against other businesses who pay their VAT on time. The new legislation should not place additional burdens on business but is intended to improve compliance with existing requirements on the timely payment of VAT. For the taxpayer who pays his VAT on time, and ensures that his VAT returns are accurate, the new measures will have no effect.

4.9 Since November last year, businesses registered for VAT which import goods have had to pay VAT at the time of importation. The system is similar to that operated in some other EC countries and allows approved importers to defer payment of VAT for a month on average if a suitable guarantee is deposited. Fears about delays to trade have



proved unfounded but there is concern that some importers do not receive the necessary documents they need in time to reclaim the VAT payments on their next return. It appears that such delays often result from late release of documents by agents. A study has been commissioned of procedures to speed up paperwork on VAT so that importers are able to reclaim VAT promptly.

4.10 Further consideration will also be given to establishing an approved status for regular importers, which would entitle them to defer VAT payments on imports.

4.11 Foreign visitors buying goods for export are entitled to buy them free of VAT. Shops making such sales are required to complete a VAT form 407. The administrative burden on business would be reduced if a retailer's sales invoice could be accepted without the need for this special form - but against this must be balanced the need to protect revenue. The Government are studying the practices used by other EC member states before taking any final decision.

4.12 Customs and Excise already have regard to the estimated cost of compliance by business with the requirements they impose and will continue to balance this against the need for effective collection of the Revenue. The tax collector is never popular, but VAT officers will continue to be mindful of the need to maintain public acceptability in the way they carry out their duties.

#### INCOME TAX AND SOCIAL SECURITY

##### Employment and self-employment

4.13 The Inland Revenue very recently published a new leaflet which sets out as simply and clearly as possible the criteria for deciding whether a person is classified as



employed or self-employed. This depends essentially on whether he is in business for himself and in deciding this a number of factors have to be considered. People need to be as well informed as possible about what the guidelines are and copies of the leaflet are now freely available in all Tax offices and DHSS Local Offices.

4.14 In deciding about a person's employment status, the two Departments principally involved - the DHSS and the Inland Revenue - rely on the same body of general law. But sometimes decisions by the two Departments have differed, particularly when one decision is more recent and based on new information. They will be taking a number of steps before the end of the year to ensure that in future decisions taken are consistent. In particular, they will be reviewing the guidelines to staff derived from case law and will be improving staff training. They will be arranging for better liaison where views over a person's employment status differ between the two Departments. This liaison will seek to ensure a consistent, swift and clear decision, once differences of view have been identified, with the minimum of inconvenience to the person concerned.

4.15 It is perhaps not widely known that if earnings from self-employment are below a certain level (currently £1,925 per annum), National Insurance contributions need not be paid if exemption from payment has been agreed by DHSS. This exemption (known as the Small Earnings Exception) is to be given greater publicity in future. People whose earnings are likely to be low will be encouraged to apply for it and the DHSS proposes to apply the exemption from autumn 1985 to all new traders who apply for it.



Employers

4.16 Employers - particularly smaller employers - are clearly concerned about the costs of operating the system for calculating income tax and National Insurance, and the Burdens on Business Scrutiny looked particularly at this area. It inevitably involves complex issues, but a Green Paper on the reform of personal taxation is to be published later this year and among the topics to be covered will be the possibility of putting Pay As you Earn onto a different basis (known as "non-cumulation") and of closer alignment between the tax and social security systems. A non-cumulative system would make it less complicated for the small employer who has no computer support to calculate his employee's weekly or monthly tax deductions. Through the Green Paper the Government will be seeking as wide as possible a debate on these and other related issues and it will be taking the interests and views of business fully into account.

4.17 Employers sometimes question why they receive separate visits - to inspect pay and deduction records - from Inland Revenue auditors on income tax and DHSS Inspectors on National Insurance. The two Departments are conscious of this and have been engaged on a joint pilot exercise in this field. They are arranging to cooperate closely in planning visits to employers to check income tax and National Insurance records. The aim is that employers whose operation of income tax and National Insurance systems is in order should be visited by only one of the two Departments.

4.18 Employers also question the need for some enquiries on employees' National Insurance records. In future, the DHSS will make maximum use of information on the employees'



P60 form so that fewer enquiries have to be made to employers over employees' National Insurance records.

4.19 Employers have drawn attention to the procedures for reporting expenses and benefits in kind paid to employees on form P11D. Inevitably, paying employees through benefits in kind involves employers in some extra reporting work, compared to straightforward salary and wage payments. The burden of reporting has been reduced by shortening the P11D. But it can be further reduced if employers apply for a "dispensation" under which payments which clearly involve no extra tax liability do not have to be recorded on the P11D. This applies to employers of any size - large or small (subject to certain conditions such as expenses payments being subject to proper accounting and control). This facility for dispensations may not be as widely appreciated as it should be. The Inland Revenue will encourage wider use of dispensations. They will be publicised in a Press Notice. Particular attention will be drawn to dispensations on the form P11D and in accompanying guidance notes. Inland Revenue will remind staff in local tax offices that employers who meet the necessary conditions should actively be encouraged to apply for dispensations.

4.20 There is a particular need for help and guidance for new businesses when they are first taking on employees. The material for new employers dealing with income tax and National Insurance has recently been revised and much improved and is now being incorporated in a new "Starter Pack". This pack includes a leaflet designed specifically for new employers and showing as simply as possible the basic steps involved in operating the income tax and National Insurance systems. The Government's aim is to



produce a single booklet dealing with all aspects of the employment relationships and associated requirements.

DEPARTMENT OF HEALTH AND SOCIAL SECURITY

4.21 Apart from national insurance contributions the main area in which DHSS currently imposes requirements on employers concerns the administration of the statutory sick pay scheme (SSP). There are also a variety of inquiries made of employers to determine entitlement to benefit, for example industrial injuries (II) benefit.

Statutory Sick Pay

4.22 Since April 1983 SSP has been paid by employers for the first eight weeks of sickness. The Social Security Bill, currently before Parliament, proposes that from April 1986 the period of SSP paid by employers should be extended to a maximum of 28 weeks; and that employers should be compensated, with effect from April 1985, by way of the national insurance contributions they pay on SSP.

4.23 The Government consulted representatives of employers extensively before embarking on SSP, and have consulted them again about the legislation to extend the scheme currently before Parliament. The DHSS review of the administrative and legislative requirements it imposes on business has concentrated on the existing SSP scheme. However, several of the options identified which could ease the burden on business - and particularly on small firms - are equally relevant to the proposed extended scheme. DHSS intends to issue a consultation paper to employers' organisations in the next few weeks putting forward the following options:

- i allowing employers to opt out of SSP, providing they paid their sick employees at least as much as



the appropriate SSP rate. This would allow a reduction in record-keeping for sick absences; and

- ii some useful simplifications to the rules, in particular to make qualifying days rather than calendar days the basis of the scheme.

#### Industrial Injuries

4.24 The Government have reviewed the requirements on employers flowing from the administration of the II scheme. Several relate to the need to obtain earnings details; the Government are considering some useful simplifications, including the following:

- i relieving employers of a total of 175,000 enquiries per year from DHSS Local offices by using centrally-available New Earnings survey data in future to determine levels of earnings and to calculate awards of special hardship allowance (SHA);
- ii simplifying and redesigning several of the forms including those used for occupational deafness enquiries so as to make them easier for employers to complete.

#### Other possibilities

4.25 DHSS is reviewing all those tasks which it asks or requires employers to perform, including those affected by the recent social security reviews. DHSS will identify areas where there is scope for further deregulation. (It will, however, be some time before detailed plans for implementing any new recommendations from this review.)



## CHAPTER 5

## THE WIDER ROLE OF GOVERNMENT

## EMPLOYMENT PROTECTION AND HEALTH &amp; SAFETY

5.1 In addition to the Departments mentioned in the previous chapter many other Departments are responsible for regulations which affect particular business activities. These regulations range from those concerned with individual industries or sectors, such as agriculture and transport, to those which affect a broad range of businesses, such as regulations on health & safety. This chapter considers these wider regulations.

5.2 The Department of Employment (DE) Group is responsible for two main areas of regulation which affect a great many businesses - employment protection and health & safety.

Employment Protection

5.3 The Government have already taken positive steps to ease the burdens on employers in this area - including changing the onus of proof on unfair dismissal, requiring industrial tribunals to take account of the size and administrative resources of firms, easing the impact of the maternity reinstatement provisions (especially for the smallest employers) and reducing the requirements for advance notice of redundancies involving less than 100 people.

5.4 Employers are not always clear, however, about the requirements placed upon them or their likely practical effects, for example in relation to the operation of industrial tribunals. One frequently heard complaint concerns the time that employers can be required to spend dealing with frivolous or vexatious claims of unfair dismissal. In this respect the introduction of Pre-Hearing Assessment (PHA) procedures has had a significant effect in weeding out weak claims. At the PHA it can be made clear to applicants that if they persist with claims that appear to have little chance of success they could be liable for the costs of the other party. Experience shows that over 80 per cent of applicants in these circumstances do not proceed to a full hearing.



5.5 Taken together with the most important recent relaxation which raised the qualifying period for unfair dismissal complaints to two years for all businesses, these changes mean that the real burden of employment protection has been substantially reduced. The Government are, however, considering what further action can be taken to improve the information and advice available to employers in this area, and to improve industrial tribunal procedures.

#### Health & Safety

5.6 The Health & Safety Commission (HSC) takes every opportunity to repeal out-of-date legislation whenever new controls are necessary for dealing with important hazards. The Government do not believe that the current requirement for any new regulations to maintain and improve existing standards presents difficulties here nor does it stand in the way of bringing forward new primary legislation when it is needed. The Government are committed to maintaining necessary protection and have no intention of down-grading health & safety standards either generally or in relation to small firms.

5.7 Nevertheless, there are a number of areas in which action can be taken to assist employers without any reduction in standards. These include -

- raising the threshold of the requirement on employers to prepare a written safety policy from five to twenty employees;
- making clearer to employers that they have a right to question Inspectors' decisions and showing them how this can be done;
- improving the information available to small firms through a pamphlet being prepared in consultation with organisations representing small firms;
- giving specific training to Inspectors to increase their awareness of smaller firms' interests;



- building on the mandatory guidance that has already been given to local authorities to improve consistency and devising a national system of hazard rating for use by local authorities;
- including in consultative documents some assessment of the effects of proposals for regulation on small businesses; and
- designating one of the HSC Commissioners to represent the interests of small businesses.

5.8 Action on all these matters is in hand. In addition, the HSC recognises that the law governing the onus of proving whether or not a specific requirement is "reasonably practical" is complicated, and is considering what useful guidance can be given. The Government also propose to examine, in conjunction with the HSC, the need to reactivate arrangements for systematic review of existing regulations.

#### Information and Advice

5.9 Information and advice for employers will be made both easier to understand and more accessible. Simpler and more readable leaflets are being prepared covering employment protection and health & safety matters, aimed particularly at helping those starting up in business and employing people for the first time. Jobcentres will be used more widely, to provide premises for bodies offering advice and help to small firms and as a source of a broader range of information (eg material provided by the Department of Trade's Small Firms Service and enterprise agencies, as well as the new leaflets on employment protection and health & safety).

#### Other issues

5.10 Other areas on which action is either being taken or is being considered are -

women's hours of work - unnecessary restrictions and out of date discrimination on women's hours of work will be repealed: this will also better ensure equality of opportunities



41

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in employment;

- Wages Councils - the Government have consulted widely and is now considering the options for reforming the Wages Council system (including the possibility of exempting young people and reducing the scope of regulation) or for abolishing it altogether.





TRADE AND INDUSTRY

5.11 The main regulations placed on business by the Department of Trade and Industry are designed to ensure that the market works fairly in the interests of business, customers and investors alike. Business generally endorses the need for a framework of regulation in areas such as company and consumer law, which benefits businesses themselves as well as customers and investors. However, this does not lessen the need for regular scrutiny of legislation and its enforcement to ensure requirements are relevant to the modern market place, comprehensible and cost effective. The Government are taking action in the following areas.

Company Law

5.12 The Government are committed to taking action to simplify the company law filing requirements both to benefit small firms and also to facilitate further streamlining of procedures at the Companies Registration Offices. Changes will include -

- simplifying the procedure for establishing a new company's accounting reference date
- reminding companies of their filing obligations by sending the necessary return forms (say) six weeks in advance of the due date
- replacing the present requirements governing the filing of annual returns and accounts with a single requirement covering both documents.

5.13 The Government will also make early decisions on the proposals in the "Burdens on Business" Report to eliminate the statutory audit requirement for small companies and to



reduce and simplify the content of small company accounts. The consultative document "Accounting and Audit Requirements for Small Firms" published by the Department of Trade and Industry on 4 June sets out the options for change and arguments for and against the proposals. Early decisions will be taken in the light of comments received by 30 September 1985.

#### Consumer Law

5.14 There is a clear need for a framework of consumer law to maintain basic standards of fair trading and adequate protection for the customer and, indeed, of the honest trader and to assist the working of the market. Equally, we recognise the need to contain the costs of regulation for business and government and the need to ensure that the regulation is straightforward and easy to comply with. Against this background the following changes are in hand.

5.15 As soon as Parliamentary time is available, replacement legislation will be introduced on misleading price indications. This will repeal the Bargain Offers Order which has been criticised by traders and enforcement authorities alike and replace it and Section 11 of the Trade Descriptions Act 1968 by a new general provision against giving misleading price indications, with supporting detail in a statutory code. The statutory defences to prosecution under this legislation will be simplified to "all reasonable precautions ..... and all due diligence".

5.16 Legislation will introduce a new general duty on product safety. Goods will be judged by the benchmark of "sound modern standards of safety". Full account will be taken of compliance costs as well as safety benefits in detailed application of the duty. Once this general duty is



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in place it should prove possible to dispense with, or simplify, many existing regulations. There should be much less need for specific regulations: Prohibition Orders and Notices should be substantially reduced. The Government are shortly to consult interested parties in order to decide which regulations should be made easier and simpler to understand and comply with.

5.17 The report of the Eden Committee on "The Metrological Control of Equipment for use for Trade" (weighing and measuring equipment) has now been published. Initial consultation is to be completed by November 1985. The Government will decide on action should be taken by mid-1986 and will bring forward legislation as necessary. The Government welcome the deregulatory aims of the Eden Report to make business more responsible for regulating itself. They see promise in many of the proposals provided that full confidence in fair trading can be maintained. The proposals could lead to a significant reduction in the burden on business and could also allow local authorities to use their manpower more cost effectively than is possible under current regulations.

5.18 The Consumer Credit Act 1974 has taken eleven years to put fully in place following implementation of the final regulations in May 1985, and a period of stability is now needed in the interests of consumers and businesses. An important feature of the Act is that it replaces 12 existing Acts which were totally repealed. In addition it partially repeals 47 other Acts. The burden of changing business forms was irritating but inevitable; however, it has now been completed. The Government are of course ready to act to alleviate specific business difficulties - this has already been done in relation to documentation requirements for mail order traders.



45  
TRANSPORT

5.19 In 1979 the transport market was excessively regulated, internationally even more than domestically. Consequently, the Government's main priority has been to remove unnecessary domestic regulations, and to negotiate changes to international regulations, to provide opportunities for new businesses and to stimulate competition. However, they have also given high priority to ensuring that necessary regulations are as unrestrictive, simple and uncostly as possible.

5.20 The Transport Act 1980 removed "quantity" restrictions on long-distance coach services with outstanding success: 700 new services have been registered since October 1980 and fares have fallen on average by 40% in real terms. A new market in commuter coaching has also been developed. Following the Civil Aviation Act 1980, competition was introduced on several domestic air routes resulting in better and more frequent service.

5.21 Building on these successes, in the Transport Bill now before Parliament the Government are proposing to increase competition in the local bus industry by abolishing road service licensing throughout the UK except, for the time being, in London. The Bill also provides more opportunities for the use of minibuses, taxis and low-cost transport services in the provision of public transport. The Government's White Paper "Airline Competition Policy" (Cmnd 9366) published in 1984 welcomed proposals by the Civil Aviation Authority effectively to deregulate domestic air services.

5.22 In international negotiations, the Government have promoted major measures of deregulation. In the field of road haulage, they have secured the agreement of the EC to work towards the elimination of quota restrictions on international road haulage permits and, in the meantime, to a doubling of the existing quotas by 1989. Substantial increases in bilateral road haulage quotas have also been negotiated. As for aviation, the Government set out their strategy for promoting competition in the White



Paper "Airline Competition Policy" (Cmnd 9366) and have negotiated important measures of deregulation both in the EC and elsewhere. In particular, they have secured more liberal bilateral agreements with Holland, the Federal Republic of Germany and Luxembourg. As a result of the agreement with the Dutch Government in June 1984, traffic between the UK and Holland increased by over 16% in the following year and a further measure of deregulation has just been agreed. In shipping, the EC Council of Ministers has agreed to take rapid action towards the goals of eliminating barriers to the freedom to provide shipping services in the EC and of providing for joint action by EC member states to deal with protectionism by third parties.

5.23 Although the Government accept that some degree of regulation is necessary for safety and environmental reasons, it is essential that the burden this imposes on businesses should be minimised. The Government have already taken a number of steps to achieve this.

5.24 For example, the Secretary of State has taken the lead in relaxing his powers as a highway authority to control development along trunk roads. The relaxations were made initially through administrative action and are now to be given statutory effect and made permanent. The Secretary of State is considering what changes might be made to the powers of local highway authorities.

5.25 The Department has carried out a complete revision of its guidance booklet and licence application form for Heavy Goods Vehicle operators. In the EC, the Government have pressed for substantial changes to the regulations concerning drivers' hours for heavy goods and passenger service vehicles which are unnecessarily restrictive and inflexible: proposals to bring about the changes are now being discussed in the Community and agreement in principle has now been reached on the main changes.



47

5.26 These examples are part of a continuing process. For example, the Government are now looking at the scope for reducing the burden of regulation on the shipping industry whilst maintaining safety standards. The Government have also proposed a reform of the legislation on marine pilotage in order to reduce the cost of this service imposed on industry by out-moded legislation and regulations. It is also seeking to improve the efficiency of lights services. The Department will also be reviewing the recent changes in Heavy Goods Vehicle operator licensing to examine what more might be done to reduce the burden they impose on operators.

#### AGRICULTURE, FISHERIES AND FOOD

5.27 Many of the regulatory burdens on the agriculture, fisheries and food industries relate to European Community requirements and, on behalf of the United Kingdom, it is the aim of the Ministry of Agriculture, Fisheries and Food to keep such measures to the minimum necessary for the efficient administration of the Community arrangements. In some areas, regulations are of benefit both to the public at large and to the industries themselves; for example, the restrictions on imports to prevent the introduction of rabies and foot-and-mouth, ~~at the~~ on the movement of livestock, fish and plants following outbreaks of certain diseases. Consumers also benefit from measures designed to protect the safety and quality of food and to provide fuller information about the products they buy.

5.28 The Ministry takes action whenever possible to ease the burdens on agricultural, horticultural, fisheries and food sector businesses imposed by domestic legislation. For example, on 1 July 1986 the full force of new Government measures to replace restrictive standards in one important part of the food sector by more informative labelling will be felt; this follows the introduction of the Meat Products and Spreadable Fish Products Regulation 1984 which replaces 7 sets of regulations and reduces the number of compositional standards from 50 to 12.



5.29 Other improvements are imminent. The Ministry is currently consulting representative organisations on the proposal to liberalise the arrangements for the importation of veterinary medicine by the end of 1985. Controls over artificial insemination in cattle have recently been reviewed and proposals for freeing certain aspects of trade in cattle semen in England and Wales are now being implemented. Simplified controls over the quality of livestock permitted to be used in artificial insemination are to be introduced from the beginning of 1986.

5.30 Further ahead, the Ministry is now in discussion with the soft drinks industry about introducing a major simplification of the existing complex regulations.

#### HOME OFFICE MATTERS

5.31 The Government have announced that they will seek an early opportunity to introduce legislation to abolish statutory restrictions on shop opening hours.

5.32 Decisions on whether the opening hours of premises licensed to sell alcoholic drinks should be relaxed will be taken in the light of all relevant considerations when a full report by the Office of Population Censuses and Surveys and analyses of available data on alcoholism and alcohol-related harm are completed by the end of 1985.

5.33 One of the most significant requirements for which the Home Office are responsible are fire precautions. The importance of adequate precautions has been emphasised only too tragically by the recent Bradford fire disaster. The need is for requirements which are readily understandable, backed up with expert advice on compliance, avoiding unnecessarily severe requirements on low risk premises but consistently catching and improving high risk premises.

5.34 The Government are considering proposals for a new system of control to replace the certification requirements



of the Fire Precautions Act 1971. Under this system the person having control of premises put to a designated use would have to register with the fire authority and would be required to take such steps for securing a standard of fire safety as is "reasonable in the circumstances of the case". A published guide would advise on how to comply with the requirements in the various categories of premises. Enforcement of standards would be achieved by improvement and prohibition notices and, where necessary, by prosecution. This approach would reduce administrative burdens on the fire service, enabling greater concentration on their advisory role and on "policing" high risk premises. The person responsible for the premises would be clear from the outset what his obligations are and how they can be met.

5.35 In addition the Government will strengthen their advice to fire authorities in order to

- promote consistency of advice to owners/occupiers to save unnecessary expense in carrying out fire precautions work;
- strengthen links with Environmental Health Officers to avoid any potentially conflicting advice being given to owners/occupiers;
- develop in appropriate courses at the Fire Service College training in the importance of compliance costs to business and the need for flexibility in accepting cost saving alternatives which meet fire precautions requirements.



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50

Data Protection

5.36 The Data Protection Registrar will be asked to report to the Home Office on the impact on businesses, and particularly small businesses, of the requirements of the Data Protection Act 1984 once the Act's provisions are fully in force and have had time to take effect.



## CHAPTER 6

## EUROPEAN DEREGULATION

6.1 So far, this White Paper has considered deregulation in the context of the rules and regulations which are the direct responsibility of the Government. In addition, however, as recommended in "Burdens on Business", the Government have taken steps to complement its domestic deregulation strategy with measures to cut the burdens imposed by European Community regulations and directives. In response to an initiative launched by the Prime Minister, the European Council on 29/30 March agreed that priority should be given to action to reduce the administrative and legislative burdens on business, particularly on small and medium-sized enterprises, and called on the European Commission to report to them on the problems in this sector and on the measures to be taken at both national and Community level, particularly as regards administrative simplification.

6.2 The Government have held extensive discussions with the Commission to ensure that they follow up this initiative thoroughly. We have pressed for a review of all existing and proposed legislation and for the establishment of a permanent procedure to vet future proposals for their impact on business. In addition, we have undertaken a review of our own and put to the Commission and other member states an initial list of some forty directives or regulations adopted or in the pipeline, which we regard as excessively burdensome. We have encouraged industrial organisations in Britain and Europe and other Governments in the European Community to carry out their own reviews and to take an active interest in deregulation at the Community level.



53

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6.3 The Commission are currently considering what deregulatory measures to take in the context of help for small businesses. We understand they are likely to undertake a review of existing and proposed legislation and that a full report will be made to the Luxembourg European Council in December 1985.



COMMUNICATIONS WITH BUSINESS

7.1 One of the clear messages from "Burdens on Business" was that the cost to business of complying with regulations depends not only on the requirements themselves but also on the way in which the regulations are communicated to business and the way in which they are enforced by the appropriate officials. This chapter sets out the Government's proposals on communications and enforcement.

Communications

7.2 The Government intend to improve the effectiveness of communication between the whole range of government agencies (central and local) and the business community. When officials frame regulations or implement them, they should always be aware of the effect on business. The Government intend that individual Departments should take greater care to assess the impact on business of proposals for regulations. The permanent arrangements set out in Chapter 00 will complement these efforts and provide scope for central monitoring.

7.3 Equally, it is the job of government to explain clearly to business how they can be affected by regulations and what their responsibilities are. The Government have identified two broad objectives:

(i) to improve the quality of Departments' published guidance;

(ii) to simplify access to information and advice.

7.4 On (i) the Department of Trade and Industry has recently repackaged its support for industry schemes. The Inland Revenue has produced a "Starter Pack" for people setting up in business. And Customs and Excise have won plain English awards for two of their leaflets. To improve things still further, all Departments will be reviewing their publicity material designed to give advice and guidance to business. It is hoped that "starter packs" can be produced covering all the major regulations which affect business start-ups and expansions. Easy to read, simple guides will be prepared, together with more detailed - but still



55

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easy to read - reference documents. The intention will be that any ordinary small employer should not, in normal circumstances, need to refer to the detailed reference material.

7.5 On (ii) Departments will also be reviewing their arrangements for making this written material available to firms and for providing advice by officials. Face-to-face interviews are often more acceptable than official letters. Improved telephone enquiry points and, perhaps, "freephones" will be introduced where this would help.

#### Local authorities

7.6 Communications with business about regulations should be as clear and straightforward as possible at a local as well as at a national level. Although local authorities have rapidly expanded their services to help small firms in recent years, the Government believe that there is still scope for improvement in terms of communication with business. To that end, the Government are actively considering the idea of "One-Stop Shops" within local authorities. These would essentially be single enquiry points providing information on local regulatory requirements, and quick referral to the relevant department of the local authority. The Government hope that as units of this kind prove their worth, they will develop a further role - representing the interests of firms dealing with other, regulatory departments within the local authority. Arrangements on these lines would ease significantly many of the administrative difficulties business, particularly small business, currently encounters in its dealings with local government.

7.7 The Department of the Environment will discuss with local authorities who are already active in helping small firms, how their services can be extended to a fully-fledged one-stop shop of the kind envisaged above. Steps will then be taken through the local authority associations to encourage the adoption of best practice. On the experience of what local authorities have so far achieved, the full development of a "one-stop shop" approach should involve only minimal additional expenditure. Indeed, if efficiency of operation were improved as a result, then savings might be possible.



Enforcement Practice

7.8 The Government recognise that, particularly to someone just starting up in business, coping with regulations can be a daunting experience. They believe that a sustained effort to improve communications about regulations will go a long way to remove many of the difficulties which face the business community, and remove many of the misunderstandings which occur.

7.9 The Government also recognise that the way regulations are enforced can be as much a problem as the regulations themselves. Enforcement officers have a difficult task and there will inevitably be a degree of friction in some cases when action has to be taken against firms. But in recent years Departments have taken steps to try to reduce this friction to the basic minimum. The Government intend to build on these efforts in a variety of ways.

7.10 Those Departments with regulatory functions will be required to refer to compliance costs, and to the need to be sensitive to the concerns of the business community, in their individual management plans. In some cases, this already happens. The current Customs and Excise Management Plan refers to the need - "to have regard to the extent to which control requirements impinge on commercial activities, the effect on business costs and the need to adjust to commercial change and maintain public acceptability". Similar guidance will be applied in other Departments. In parallel with this overall guidance, in order to bring the message home to those involved in day to day enforcement, Departments responsible for major areas of deregulation will also be issuing to staff similar, more detailed, guidance and objectives for units and individual officials involved in regulatory and enforcement activity. These will form part of the Departments' management information system process, which involves the setting of objectives for each unit.

7.11 In addition, the Government believe that in most cases it should be possible for Departments to develop guidelines on enforcement practice, available to members of the public.



7.12 The proposals for central government set out in paragraphs 7.2 to 7.5 above will be implemented by April 1986 at the latest. On local government, the Department of the Environment will be reviewing progress with [the central task force] by the same date.

#### Training

7.13 The Government also intend to improve the training given to enforcement officers. Most Departments already pay considerable attention to the training of their staff involved in enforcement and in many cases training programmes include elements which are designed to ensure that officials are fully aware of the impact their activity can have on businesses. In spite of these efforts there is a steady volume of discontent about enforcement activity. Accordingly, Departments will be revising their training programmes to give greater attention to "communications" and to the need for a sensitive approach to businesses.

#### Appeals

7.14 When things go wrong, it is important to have a speedy and effective way of resolving disputes. Most Departments will be setting up informal appeal systems so that businesses can appeal "up the line" within enforcement agencies. Departments' individual management information systems will incorporate these changes.

#### "Onus of proof"

7.15 Existing provisions governing the onus of proof, and the defences available to businesses in the event of prosecution, vary between different areas of regulation. These provisions can affect the way in which enforcement authorities exercise their powers in cases which do not involve prosecution or breach of the law as well as those which do. The Government intend to review the present position to see whether changes should be made or improved guidance issued. This review will be concluded by April 1986.



### Coordinated visiting

7.16 It has also been suggested that officials from different Departments should coordinate their visiting programmes so that firms are not subject to a succession of visits from different officials. This clearly takes up scarce management time but there are obvious organisational problems for individual Departments. However, starting later this year two or three pilot studies in selected areas will be carried out to determine whether regulatory agencies can concert their efforts in this way and to assess the benefits to firms of having coordinated visits. A progress report on these pilot schemes will be produced by April 1986.

### Review of Licensing Requirements

7.17 The "Burdens on Business" report also suggested that there should be a review of the wide variety of different licensing systems, so that the registration, notification, and inspection requirements of central and local government agencies could be rationalised. The Government propose to set in hand such a review, consulting the local authority associations and other interested parties, to be completed within 6 months.

### Local Acts of Parliament

7.18 The Government have also noted that while most local authorities are well aware of the need to avoid placing unnecessary burdens on the business community, some local Acts of Parliament can also have an adverse effect on business. They will be considering with the local authority organisations, and other interested parties, to what extent these local measures can reflect more closely the overall objectives of the Government - to give a balanced deregulation programme, in order to promote enterprise and jobs. In addition, Departments will, as part of their routine scrutiny of Private Bills, pay particular attention to provisions which have implications for the business community and, where they may impose unnecessary burdens, will take this into account in formulating their reports to Parliament. As mentioned in the next chapter, this work will be coordinated by the central task force.



## NEW ARRANGEMENTS TO CONTROL REGULATION

8.1 The previous chapters have set out the Government's thinking on deregulation and some of their proposals for action in individual Departments. But such a strategy would be incomplete unless it is accompanied by measures to ensure that new regulations are not introduced unless the need for them has been clearly demonstrated. The Government want to stem the flow of regulations. "Burdens on Business" recommended a three-pronged approach to deal with this flow:-

- (i) a structured analysis of each new proposal, to be prepared and published by the initiating agency concerned, including a systematic assessment of its impact on business enterprise;
- (ii) critical scrutiny of the proposal, in particular of the assessment, by a small task force in central Government with real teeth; and
- (iii) regular overviews by the task force of proposals in the pipeline and the scope for eliminating, simplifying or rationalising existing requirement systems.

8.2 The Government intend to set up a system for assessing and monitoring regulations along these lines. Experience of other countries such as the USA, the Netherlands, and the Federal Republic of Germany, suggests that systematic assessments of the likely effect of regulations, coupled with central monitoring, is an effective way of restraining the growth of regulations. The representations the Government have received from the business community are very much in favour of such an approach. And as part of its response to the Prime Minister's initiative on European deregulation, the European Commission are considering a similar procedure to deal with EC legislation (see Chapter 6).

8.3 While the Government have no wish to set up a new bureaucratic system they do see considerable merit in applying a more objective and systematic approach to the regulatory process. Accordingly, each Department will in future prepare assessments of the compliance costs of their regulatory proposals. They will nominate officials with special responsibility for this work, reporting to a minister.



8.4 The main channels of communication between government and business interests will continue to be the departments which "sponsor" the sector concerned and the departments responsible for individual regulations. "Burdens on Business" recommended that the latter should review and strengthen the arrangements for consultation with small business organisations. This recommendation is endorsed by the Government. Departments will be taking action and will be reporting back to a central task force by April 1986.

8.5 The small central task force will be set up as part of the Cabinet Office, bringing in expertise from the private sector. It is important, managerially and constitutionally, that responsibility for assessing regulations rests with the originating departments. But the task force will act as a focus of expertise. It will assist departments in the preparation of their assessments. It will carry out an "audit" function, by receiving regular reports from Departments on their systems of assessment and their results, and by scrutinising selected proposals and advising ministers about their acceptability, especially their likely effect on business. In addition, the task force would be involved in occasional reviews of particular subjects, such as the review of central and local government notification, licensing, and inspection requirements mentioned in Chapter 00.

8.6 It is not intended that these new arrangements would duplicate or disturb existing arrangements for consultation with business on specific proposals, such as the Department of Trade and Industry's existing links with business. The task force will be concerning itself, selectively, with regulations which have an impact on business, whatever the originating Department. It will not, however, be involved in consideration of Budget and revenue raising issues, which will remain the responsibility of the Chancellor of the Exchequer. Policy decisions on the maintenance of law and order, or on the safety and protection of the public, may have to be taken despite the burdens they impose. But the administration and implementation of such policies in the relevant Departments will fall within the scope of the new arrangements.



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8.7 In order to prevent the setting up of permanent machinery which may outlive its usefulness-and to serve as an example to others - the Government have decided that the life of the task force should be limited to about three years, in the first instance, at which stage there will be a review of its performance and achievements. The task force should be fully operational later this year, following further consultations with business, and the review will therefore be carried out in the Autumn of 1988.

8.8 The Government believe that the preparation of assessments, and the setting up of a central task force, will provide a strong mechanism for curbing undue regulation in future. These developments will complement the efforts being made within individual Departments, summarised in Chapters 4 to 5. They are a clear sign that the Government is determined to remove unnecessary regulations and to take more fully into account the interests of the business community - in order to promote enterprise, create jobs, and generate wealth.



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LIFTING THE BURDEN: MEASURES ALREADY TAKEN

WHAT THE GOVERNMENT HAVE ALREADY DONE

ENVIRONMENT

- Designated Enterprise Zones, where for most development, no planning application or fee is needed.
- Amended the General Development Order to allow
  - factory extensions of up to 20% instead of 10% of the original building size (with a limit of 750m<sup>2</sup>);
  - home extensions up to 15% instead of 10%;
  - more changes of use - eg allowing small warehouses, to be used for light industry, and small light and general industrial buildings to be used as warehouses.
- Issued firm guidance to local authorities on development in Circular 22/80:
  - there should be a general presumption in favour of development;
  - local authorities should help identify premises for small firms;
  - local authorities should not take enforcement action except as a last resort.
- Reinforced the presumption in favour of development in the specific context of manufacturing industry and high technology (Circular 16/84).
- Issued a new booklet (linked to Circular 16/84) on "Planning Permission - a Guide for Industry", giving practical advice to industrialists on the planning system, how it works, and how to use it.



- Issued guidance to local authorities stressing policy that the use of conditions in planning permission should be kept to an essential minimum (Circular 1/85).
- Issued positive policy advice to local authorities on planning in relation to onshore hydrocarbon (oil and gas) exploration, appraisal and production.
- Speeded up planning appeals by:
  - transferring more cases to Inspectors, which means quicker processing;
  - introducing informal hearings as an easier cheaper inquiry system for simple cases;
  - introducing "instant decisions" which are now issued on around a quarter of inquiry cases.
- Amended the Control of Advertisement Regulations, to give deemed consent for poster hoardings round construction site for up to 2 years and to allow advertisements on captive balloons.
- Announced their intention to repeal or substantially relax nearly three hundred controls over local authorities.

#### TAX AND SOCIAL SECURITY

- Established six experimental freeports.
- Simplified VAT returns by reducing the number of boxes firms need to complete;
- Simplified VAT leaflets for the guidance of small business (two of which have won Plain English awards).



- Abolished certain minor excise requirements and other obsolete regulations.
  
- Introduced deferred duty payment for wines and spirits.
  
- Removed restrictions relating to warehousing of immature spirits.
  
- Abolished Investment Income Surcharge.
  
- Removed the National Insurance Surcharge from October last year. The abolition of this tax on jobs was worth £850 million in a full year to employers.
  
- Abolished Development Land Tax.
  
- Reduced the size of the Paye As You Earn taxable pay tables for employers from around 500 pages to around 50 pages.
  
- Simplified the Paye As You Earn coding structure leading to a marked reduction in the number of coding changes for employers to make.
  
- Simplified and modernised Stamp Duty by abolishing 15 separate duties and reducing by 40 per cent the number of documents that have to be stamped.
  
- Abolished the apportionment of the trading income of close companies (broadly, companies controlled by five or fewer people), cutting out a number of complex tax provisions which were time-consuming for the small trading business.
  
- Raised the threshold for Capital Transfer Tax by over 50 per cent in real terms.
  
- Ended company directors' personal liability for NI contributions not paid by the company in respect of its employees.
  
- Introduced a revised "Employers" guide to NI contributions" which has generally been reckoned to be a great improvement on its predecessors.



- Extended the time limit from 2 to 6 years in which self-employed contributions may be paid and count for pensions purposes.
- Integrated the contributions and compliance sections of DHSS local offices to give employers a single point of reference.

#### EMPLOYMENT PROTECTION AND HEALTH & SAFETY

- Removed the 'onus of proof' from employers in unfair dismissal cases.
- Laid down that tribunals should take account of the size and administrative resources of the firm in unfair dismissal cases.
- Introduced pre-hearing assessment at industrial tribunals to identify weak claims.
- Removed requirement for tribunals to give full written reasons for their decisions in all cases.
- Widened rule on award of costs by industrial tribunals.
- Changed the basic award system in unfair dismissal cases to allow reduction of the award because of the employee's behaviour or if the employee unreasonably refused an offer of reinstatement.
- Introduced exemption from maternity provisions for firms with less than six employees.
- Reduced period for advance notification of redundancy from 60 to 30 days for redundancies involving 10-99 employees.



- Revoked over 300 individual health & safety regulations since 1980.
- Closed 16 out of 23 Industrial Training Boards.

#### TRADE AND INDUSTRY

- Opened up the market for spectacles to competition.
- Removed need for specific Departmental approval for prospectuses issued by managers of Business Expansion Scheme funds.
- Removed requirement for small companies to file full accounts.
- Removed requirement for dormant companies to appoint an auditor.
- Removed prohibition on companies buying their own shares.
- Simplified arrangements for approval of company name.
- Introduced scheme permitting, during the development phase, examination of novel equipment submitted for "pattern approval" under the Weights and Measures Act.
- Reduced by one third the number of statistical enquiry forms sent to businesses.

#### TRANSPORT

- Removed quantity restrictions on long-distance express coach services.
- Introduced competition on several domestic air routes.
- Negotiated the liberalisation of air services to Holland, the Federal Republic of Germany and Luxembourg.



- Negotiated increases in the quotas for international road haulage permits.
- Revised the guidance booklet and licence application form for Heavy Goods Vehicle operators
- Relaxed its powers to control developments on trunk roads.
- Removed restrictions on port investment.

#### AGRICULTURE

- Speeded up arrangements in 1980 for farmers and growers applying for grants for capital investments.
- Abolished by the Animal Health and Welfare Act 1984, licensing of stallions which had been in force since 1918.

#### HOME OFFICE

- Simplified the forms on which licensed dealers in controlled drugs make an annual return to the Secretary of State in order to improve quality and efficiency of returns and reduce unnecessary burdens.
- Examined the rules and procedures relating to the admission of overseas business people to the UK to ensure that applications from business people which are likely to be of benefit to the UK economy are dealt with expeditiously.
- Eased burdens on licensed firearms dealers and on police authorities through proposals for a single condition on dealers' certificates and revision of the list of standard conditions.
- Ended the licensing by the Home Office of small cable systems devoted solely to the relay of broadcast programmes. Although many of the systems were run by public bodies, some were operated by small businesses and a burden has been lifted by abolition of the licensing requirement.



DRAFT  
2.7.85Circular  
(Department of the Environment)  
Circular  
(Welsh Office)

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Joint Circular from the  
Department of the Environment  
2 Marsham Street, London SW1P 3EB

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Welsh Office  
Cathays Park, Cardiff CF1 3NQ

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DEVELOPMENT AND EMPLOYMENT

July 1985

1. The White Paper on Deregulation (Cmnd ...) sets out the Government's overall approach to reducing controls and regulations in the interests of promoting enterprise. Chapter 3 explains the action that the Government is taking to simplify the planning system and improve its efficiency, and relates this to the broader context. This circular (which is reproduced as an annex to the White Paper) deals with policy on development control under the Town and Country Planning Acts.
2. New development contributes to economic activity and to the provision of jobs. It is in the national interest to promote and encourage it. The planning system must respond positively and promptly to proposals for development. Delay adds to the costs of development.
3. Development proposals are not always acceptable. There are other important objectives to which the Government is firmly committed: the need to preserve our heritage, to improve the quality of the environment, to protect the green belts and conserve good agricultural land. The planning system, however, fails in its function whenever it prevents, inhibits or delays development which could reasonably have been permitted. There is therefore always a presumption in favour of allowing applications for development, having regard to all material considerations, unless that development would cause demonstrable harm to interests of acknowledged importance.



4. Authorities are obliged, under Article 7 of the General Development Order 1977, to give reasons whenever they refuse planning permission. Those reasons must be precise, specific and relevant to the application: they must demonstrate clearly why, in the local planning authority's view, the proposed development cannot be permitted. Without such a clear demonstration the developer will not know whether or not his proposal can be made acceptable, or the grounds on which he can base an appeal against refusal. As a result, valuable investment and new jobs, in construction, in commerce and in industry, may be delayed or lost.\*

5. In dealing with applications for planning permission, Section 29(1) of the Town and Country Planning Act 1971 requires that the authority shall have regard to the provisions of the development plan, so far as material to the application, and to any other material considerations. Development plans are therefore one, but only one, of the material considerations that must be taken into account in dealing with planning applications. Many development plans were approved or adopted several years ago, often several years after they had been prepared and based on even earlier information. The policies which they contain, and the assumptions on which they were based, may therefore be out of date and not well related to today's conditions. They cannot be adapted rapidly to changing conditions, and they cannot be expected to anticipate every need or opportunity for economic development that may arise. They should not be regarded as overriding other material considerations, especially where the plan does not deal adequately with new types of development or is no longer relevant to today's needs and conditions - particularly the need to encourage employment and to provide the right conditions for economic growth.

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\* More detailed advice on the positive operation of development control is given in Circulars 22/80 and 16/84, and in relation to the use of conditions in Circular 1/85; advice on green belts is given in Circular 14/84.